

DISCLAIMER

This electronic version of an SCC order is for informational purposes only and is not an official document of the Commission. An official copy may be obtained from the [Clerk of the Commission, Document Control Center](#).

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 2, 1999

APPLICATION OF

C & P ISLE OF WIGHT WATER COMPANY

CASE NO. PUE980625

For certificates pursuant to
§ 56-265.2 and § 56-265.3 D of
the Code of Virginia

FINAL ORDER

On July 13, 1998, C & P Isle of Wight Water Company ("C & P" or "the Company") filed an application, pursuant to § 56-265.2 of the Code of Virginia, requesting a certificate of public convenience and necessity to acquire water facilities in the Queen Anne's Court subdivision; to construct water facilities for the Cedar Grove/Quail Meadows area of the Brewer's Creek subdivision; and to construct water facilities for the Carrollton Meadows area of the Ashby subdivision in Isle of Wight County, Virginia. In addition, the Company requested authority, pursuant to § 56-265.3 D of the Code of Virginia, to amend its current certificate of public convenience and necessity (Certificate No. W-283a) to include the above-referenced areas in its service territory. Finally, the Company requested that it be relieved from its obligation to maintain separate usage and cost information for each of its water

systems and to provide such information to the Commission on an annual basis.

In an order dated October 9, 1998, the Commission, pursuant to the Company's request, severed the Company's application to acquire water facilities in the Queen Anne's Court subdivision from matters addressed in this proceeding; specifically, matters concerning the Company's application to construct water facilities and serve the Cedar Grove/Quail Meadows and Carrollton Meadows areas.

In an order issued on November 4, 1998, the Commission directed the Company to give public notice of its application; to provide interested persons with an opportunity to comment and request a hearing; and directed its Staff to conduct an investigation of the matter and file a report detailing its findings and recommendations.

By letter dated December 17, 1998, the County of Isle of Wight ("the County"), through its Director of Public Utilities, objected to the granting of a certificate of public convenience and necessity for C & P to provide water service to Carrollton Meadows and requested a hearing on the matter. Pursuant to the County's request, the Commission issued an order on February 5, 1999, scheduling the matter for hearing on March 4, 1999.

On the appointed day, a hearing was conducted before Hearing Examiner Michael D. Thomas. Counsel appearing were

Robert W. Jones, Jr., Esquire, for the Company; Robert M. Gillespie, Esquire, for the Commission's Staff; and H. Woodrow Crook, Jr., Esquire, for the County.

The only issue at the hearing was whether C & P should be permitted to construct water facilities and expand its service territory into the Carrollton Meadows portion of the Ashby subdivision. It was the Company's and Staff's position that C & P should be authorized to construct such facilities and provide service because it could provide such service at lower cost, provide water that currently meets all state and federal water quality standards,¹ and provide capacity that meets the requirements of the entire Carrollton Meadows area.

It was the County's position that C & P's application should not be approved as the County was already serving the Carrollton Meadows area pursuant to an agreement with the developer. In addition, the County maintained that, although its system did not meet current state standards for fluoride content, a proposed Consent Order between the County and the Virginia Department of Health, Office of Water Programs ("VDH-OWP"), would provide a suitable timetable for bringing the system into compliance with state standards. The County also maintained that it had entered into an agreement with the

¹ The record reflects that the County's Carisbrooke Well serving Carrollton Meadows may exceed the current state requirements for fluoride.

Western Tidewater Water Authority to purchase treated groundwater from Suffolk that would meet all current state and federal water quality standards. The County stated that it was in the process of constructing a one million-gallon elevated storage tank and a transmission line that would connect the County's water system with that of the City of Suffolk. Upon completion of such construction,² the County would have the capacity to provide service to the entire Carrollton Meadows area.

On April 12, 1999, the Hearing Examiner filed his Report. In that Report, the Examiner found that:

(1) The Company's application should be granted in part and denied in part;

(2) The Company's application for a certificate of public convenience and necessity to construct water facilities in the Cedar Grove/Quail Meadows area of the Brewer's Creek subdivision should be granted;

(3) The Company's application to amend its service territory to include the Cedar Grove/Quail Meadows area of the Brewer's Creek subdivision should be granted;

(4) The Company's application for a certificate of public convenience and necessity to construct water facilities for the

² The construction of the storage tank and transmission line is due to be completed by July 2000.

Carrollton Meadows area of the Ashby subdivision and its application to amend its service territory to include this subdivision should be denied; and

(5) The Company's request to be relieved from its obligation to maintain separate usage and cost information for each of its water systems and to provide such information to the Commission on an annual basis should be denied.

The Examiner recommended that the Commission enter an order adopting the findings in his Report; granting the Company its requested authority consistent with the above referenced findings; and dismissing this case from the Commission's docket of active cases.

In his discussion of the issue of the Carrollton Meadows portion of the application, the Examiner found that the "public interest" would not be served by granting the Company its requested authority. He noted that the County was already serving that area and that the proposed construction was unwarranted as there were no additional customers currently requiring water service. In addition, the proposed construction of facilities could be detrimental to existing customers if such customers were required to absorb the costs without the benefit of having a corresponding revenue offset.

On May 3, 1999, the Company, by its counsel, filed Comments on the Hearing Examiner's Report. In its Comments, the Company

objected to the Examiner's finding and recommendation denying C & P's application for a certificate to construct water supply facilities for the Carrollton Meadows area and to amend its certificate to include that area in its service territory. The Company noted that, as of the date of its pleading, the County had not negotiated a consent order with VDH-OWP and currently lacked the capacity to provide service to the entire Carrollton Meadows area.

NOW THE COMMISSION, having considered the Examiner's Report, the record, pleadings, and applicable law, is of the opinion that the Examiner's findings and recommendations are proper and should be adopted. We agree that the public convenience and necessity requires that C & P be granted a certificate of public convenience and necessity to construct water facilities in the Cedar Grove/Quail Meadows area of the Brewer's Creek subdivision and that it is in the public interest for C & P to provide water service to such area.

We do not believe that such is the case for the Carrollton Meadows area of the Ashby subdivision. The record in this proceeding shows that the County has the capacity, within Virginia Department of Health guidelines, to serve an additional twenty-two (22) connections. The Carrollton Meadows subdivision currently has five (5) houses under construction. The County is therefore capable of meeting existing demands for water service.

We will therefore deny C & P's application for such certificates consistent with the Examiner's recommendation. Accordingly,

IT IS ORDERED THAT:

(1) The findings and recommendations of the Hearing Examiner as detailed herein are hereby adopted.

(2) Certificate No. W-283a is hereby canceled.

(3) C & P Isle of Wight shall be granted an amended certificate of public convenience and necessity, Certificate No. W-283b, authorizing it to provide water service to those areas previously authorized in Certificate No. W-283a as well as to the Cedar Grove/Quail Meadows subdivision of the Brewer's Creek subdivision.

(4) The Company is hereby authorized to construct water facilities in the Cedar Grove/Quail Meadows area of the Brewer's Creek subdivision.

(5) The Company shall continue to maintain separate usage and cost information for each of its water systems and provide such information annually to the Commission's Division of Public Utility Accounting.

(6) Since there is nothing further to be done in this matter, it is hereby dismissed from the Commission's docket of active cases and the papers placed in the file for ended causes.